MAY 23 1997

AQO

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (ACQUISITION AND TECHNOLOGY)
PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE (ACQUISITION AND TECHNOLOGY)
DIRECTOR, DEFENSE PROCUREMENT
DEPUTY UNDER SECRETARY OF DEFENSE (ACQUISITION REFORM)
ASSISTANT SECRETARY OF THE ARMY (RESEARCH, DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE NAVY (RESEARCH, DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE AIR FORCE (ACQUISITION)
DIRECTOR, BALLISTIC MISSILE DEFENSE ORGANIZATION

SUBJECT: Single Process Initiative (SPI) Biweekly Activity Report

Forwarded for your review is our biweekly report for the period ending May 23, 1997. This report contains highlights of our Defense Contract Management Command (DCMC) Commander's Conference, new roles for SPI Management Councils, facilitating subcontractor involvement in the program, meeting the 120-day goal and enhancing SPI awareness.

Should you have any questions or concerns regarding information contained in the attached documents, please contact Ms. Marialane Schultz, SPI/Block Change Management Team Leader at (703) 767-2471.

//Signed//
ROBERT W. DREWES
Major General, USAF
Commander

Attachment

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Single Process Initiative
Biweekly Report
May 23, 1997

Introduction

This SPI biweekly report includes highlights of our Defense Contract Management Command (DCMC) Commander's Conference. Our SPI database is back on-line allowing us to resume our reporting of SPI statistics within this report. Also discussed are issues such as expanding SPI Management Council roles, ensuring facilities meet the 120-day goal where it makes sense, using SPI as the conduit for implementing the Acquisition Pollution Prevention Initiative, facilitating subcontractor involvement in SPI and enhancing SPI awareness.

Workload Statistics

To date, we have received a total of 862 proposed process changes from 180 contractors. This reflects an increase of 42 new processes and 9 new contractors since our last report of 820 and 171, respectively. Additionally, our Administrative Contracting Officers (ACO) have executed 15 new block change modifications, bringing the total processes modified up to 429.

Current Defense Contract Audit Agency (DCAA) and Contract Administration Office (CAO) SPI Cost/Benefit Analysis reports reflect $102.6 million in estimated annual cost avoidance and approximately $7.4 million in negotiated savings to current contracts.

Appendices A, B, and C contain summary information on SPI activity and details on modifications executed during the current reporting period. Appendix D provides details on new contractors participating in the program and new concept papers submitted since our last report.

Commander's Conference

DCMC held its bi-annual Commander's Conference the week of May 5, 1997. Ms. Marialane Schultz provided a briefing on SPI, highlighting the current program status as compared to the program status of November 1996, the last Commander's Conference. She noted that the number of contractors participating in SPI in November 1996 compared to May 1997, had increased by 40% while the number of modifications processed had increased by 103%. Specifically she stated "this is progress but...is it where we want to be?" The SPI results must reflect the program goals which Ms. Schultz presented in the form of the strategic focus of the SPI team. The focus includes:

- Improving Metrics (Measuring/Reporting Results)
- Increasing Contractor Participation
- Increasing Supplier Involvement
- Targeting High Impact Processes
- Allowing SPI on New Procurements

Ms. Schultz's complete briefing can be found in the SPI Briefings section of the DCMC Home Page.

Additionally, there was a workshop hosted by Mr. Robert Schmitt, DCMC Deputy Executive Director for Contract Management Policy, on expanding the role of the Management Council beyond SPI to include other acquisition reform initiatives such as elimination of redundant reviews and audits and promotion of Value Engineering Change Proposals. The workshop was divided into the following three segments: (1) large DCMC resident CAOs; (2) non-resident offices with cognizance of multiple small residencies; and (3) large non-resident offices that are responsible for numerous small contractors spread over a large geographic area. DCMC CAO Commanders participated in the segment that was most applicable to their needs. Featured were presentations from CAOs on how they are expanding the number and role of their Management Council(s). Workshop briefing slides can be found on the DCMC Home Page under "Management Councils" at http://www.dcmc.dcrb.dla.mil/Mgmtcncl/Mgmtcncl.htm.

Management Councils

On May 8, 1997, Mr. David Robertson of the SPI Team briefed the Aerospace Industries Association (AIA) Quality Assurance Committee on SPI implementation status and strategic goals. During roundtable discussions, many attendees voiced concern over the widely observed practice of citing lower level contractor procedures in block change language. Additionally, many felt that although single processes had been implemented at their facilities, there had been no appreciable change in government oversight/review practices. Attendees were informed that in order to realize significant savings and cost avoidance, Management Councils must ensure that: (1) new requirements implemented as a result of SPI are performance based and not simply contractor procedures with the same level of detail as the former Military Specifications and Standards; and (2) DCMC field offices and buying activities must follow up on SPI implementation with a corresponding change in their oversight and review procedures--shifting from oversight to insight. These concerns will be discussed at the next Block Change Management Team meeting to determine the best approach for identifying the scope of the problem and taking appropriate corrective action.

120-Day Review and Approval Cycle

The Under Secretary of Defense (Acquisition & Technology) has issued clarifying guidance to emphasize that the 120-day cycle time for executing block change modifications is achievable and should be adhered to except where technical or cost benefit assessment cannot be adequately performed within that time-frame. Our experience over the past year is most SPI block changes are completed within the 120-day period. However, we recognize that some proposals may require more time to evaluate do to the complexity of the processes involved. It is essential that Management Councils monitor the timeliness of concept paper reviews and take swift action if unnecessary delays occur. Critical concerns that cannot be resolved quickly must be elevated to the appropriate level for resolution. Taking these actions will ensure we meet the timeliness standard when possible.

Acquisition Pollution Prevention Initiative

On May 15, 1997, the Principal Deputy Under Secretary of Defense (Acquisition & Technology) issued a memorandum commissioning the Acquisition Pollution Prevention Initiative (AP2I). AP2I improves on the existing link between SPI and the Joint Group on Acquisition Pollution Prevention's efforts to reduce or eliminate hazardous materials from weapons acquisition. Using the existing SPI/Management Council structure, AP2I will facilitate identifying and evaluating alternative materials and processes that

promise to reduce costs as well as environmental impacts of those currently in use. DCMC has the lead for implementing AP2I within contractor facilities and for integrating AP2I with SPI.

Subcontractors and SPI

The hard work and perseverance of the Integrated Process Team on Prime and Subcontractor Relationships in SPI have paid off. On May 16, 1997, the Deputy Under Secretary of Defense (Acquisition & Technology) issued a memorandum that addresses implementing SPI processes at subcontractor locations. The procedures, outlined in the memo, allow contractors the freedom to substitute government accepted subcontractor equivalent processes in lieu of flowing down conflicting prime contract requirements. This represents a significant step toward completing the transition to single processes. Management Councils at prime and subcontractor locations should facilitate and enable the rapid implementation of this vital new provision.

VideoTeleconference

At the request of Lockheed Martin Tactical Aircraft Systems (LMTAS) Fort Worth, Texas, Lockheed Martin and DCMC personnel participated in a videoteleconference (VTC) on May 16, 1997. LMTAS briefed their SPI Education and Training Program and their Performance Based Property Management system. The Education and Training Program includes seven modules: SPI Overview, LMTAS Block Change Process Overview, Preparing and Issuing Concept Papers, Technical Proposal Leader's Guide, Contract Administration, Subcontractor Integration, and Component Team Leader Function. LMTAS will provide copies of the briefing to anyone interested and the Program is available through the DCMC Home Page. LMTAS is planning a VTC to brief the Education and Training Program to the Services, Defense Contract Audit Agency, National Aeronautic and Space Administration, and Federal Aviation Agency.

Featured Facility: Rockwell's Collins Avionics & Communications Division

Rockwell's Collins Avionics & Communications Division (CACD), headquartered in Cedar Rapids, Iowa, is a leading worldwide supplier of avionics, communication and navigation products, including VHF, UHF, UHF SATCOM, HF transceivers and modems; Global Positioning System (GPS) receivers; radio navigation systems; cockpit and flight management systems; data links (JTIDS and weapons data links); and integrated avionics. This division also produces various commercial products including the Trekker wearable, voice-activated computer; the GPS-based VISION SYSTEM; and TransitMaster, a GPS-based advanced transit management and information system. CACD provides products and services to all the uniformed services as well as Boeing, McDonnell Douglas, and Northrop in the private sector. CACD provides 70% of all US military airborne communications. Projected sales for 1997 are $710 million, of which $410 million are government procurements.

CACD's support of the SPI is reaping dividends for the company and the Government. Working in partnership with the local CAO, DCMC Twin Cities - Rockwell Cedar Rapids, CACD has submitted seven concept papers that have had block change modifications issued and are now being implemented. The streamlining concepts pursued have been diverse and challenging, two concerned with business processes, the remaining five primarily addressing technical or manufacturing systems enhancements. The total of current and projected SPI savings/cost avoidance for the six approved concept papers is approximately $569,000 annually. Besides the seven SPI successes, CACD has submitted four additional concept papers

which are under consideration. The savings/cost avoidance associated with these four papers is estimated to be in excess of $200,000 annually. SPI has allowed CACD to perform business smartly by eliminating redundancy and reducing the number of processes intended to produce the same result/product. CACD believes that these process changes place them in a much more competitive position to receive future Government contracts.

CACD's Management Council was formed in February 1996. The Council meets quarterly, but maintains constant contact via e-mail, telephone, and fax. There is also a local working group of CACD, DCMC, and DCAA personnel who work out any issues that may arise on a daily basis. CACD is represented on the Management Council by Mr. Herm Reininga, Vice President of Operations of Rockwell Collins, Inc. Mr. Reininga reports directly to the President and CEO of Rockwell Collins, Inc., and has been very instrumental in the SPI process. This has translated into a company that is a true believer in acquisition reform. Over and above the monetary impact, perhaps the greatest gain from all of the activity is an enhanced working relationship that has been fostered within CACD.

Enhancing Awareness/Increasing Involvement

On May 6-7, 1997, Mr. David Robertson from the SPI Team attended the Lockheed Martin SPI Quarterly Conference to present an update on SPI status and strategic goals. The conference was attended by many senior managers and SPI focal points throughout the Lockheed Martin Corporation. It proved to be an outstanding vehicle for providing the latest information on new developments in SPI policy and for exchanging information on best practices and lessons learned. Each Lockheed Martin Company provided an update on the successes and challenges at their facilities. Conference attendees were encouraged by recent policy issued addressing SPI and new procurements and that proposed policy addressing SPI at subcontractor locations was in final coordination within Office of the Secretary of Defense (OSD). Conference attendees expressed strong sentiment that streamlined implementation of SPI at subcontractor locations is essential to achieving significant cost avoidance. The conference served as a clear example of the leveraging possible when *contractors* take responsibility for facilitating SPI.

Brigadier General William Bond, USA, Special Projects Officer, Assistant Secretary of the Army for Research Development and Acquisition, is visiting select contractors to encourage Management Council members to submit SPI proposals and implement process improvements that will help the Army meet its acquisition cost reduction goals. On May 12, 1997, Mr. Sydney Pope of the SPI Team accompanied General Bond to Lockheed Martin Vought Systems (LMVS), Dallas, Texas and Bell Helicopter Textron in Fort Worth, Texas. Arrangements are being made for a return trip to LMVS in June to follow up on the action items generated this week. We are also arranging visits in June to other locations as schedules permit.

On May 22, 1997, Mr. Sydney Pope from the SPI Team participated in a Joint Industry Conference (JIC) planning meeting with representatives from the Aerospace Industries Association, Electronic Industries Association, and OSD. Other industry associations are expected to joint the JIC planning group. The theme for this year's conference is SPI. The plan is to hold the conference October 28-30 at the Sheraton National Hotel, Arlington. The panels and workshops will cover SPI topics such as high payoff processes, subcontractor SPIs, Management Council roles, and consideration. This will be a very important conference for promoting SPI and Management Councils.

Concluding Remarks

The DCMC Commander's Conference provided an excellent forum to enhance SPI awareness across the Command. We've made great progress to date; however, we still have a long way to go in refining our reporting metrics, including meeting the 120-day processing goal when it makes sense, increasing contractor and subcontractor involvement, targeting high impact processes, and allowing SPI on new procurements. Finally, our efforts to expand Management Council roles have demonstrated that SPI is an essential tool in streamlining DoD's acquisition process. The recent OSD policy directing use of the existing SPI/Management Council infrastructure to facilitate implementation of the Acquisition Pollution Prevention Initiative is just one example of SPI's overarching capabilities.

Appendix Index

APPENDIX A

Summary Report as of: *Wednesday, May 21, 1997*

Concept Papers

Contractors Which Have Submitted Concept Papers:	**180**
Key Customer Notification Complete:	154
Component Team Leaders Identified:	125
Total Concept Papers Received:	784
Concept Papers Withdrawn:	119

PROCESSES

Concept papers may contain multiple processes

Proposal Development: Concept Paper (30 Days)

Total Proposed Process Changes:	***862***
Number Initially Accepted :	790
Not Accepted Within 30 Days of Initial Submission:	39

Approval Cycle: Customer Notification and Agreement/ Resolution of Differences (60 days)

Found Technically Acceptable:	526
Found Unacceptable:	21

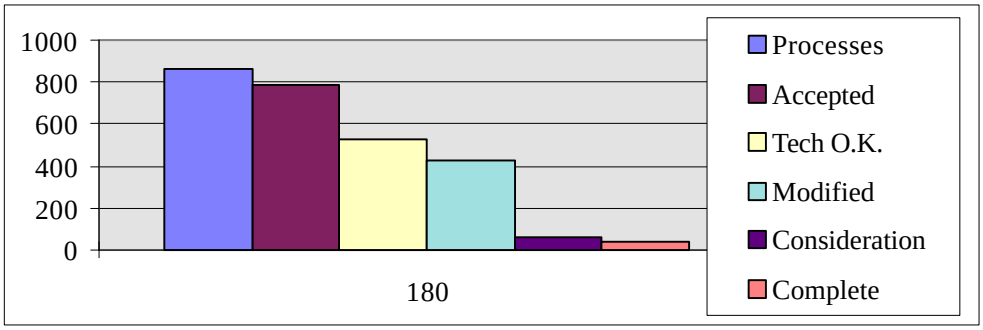
Components objecting

AF	Army	Navy	DLA	DCMC	NASA
15	16	19	4	17	2

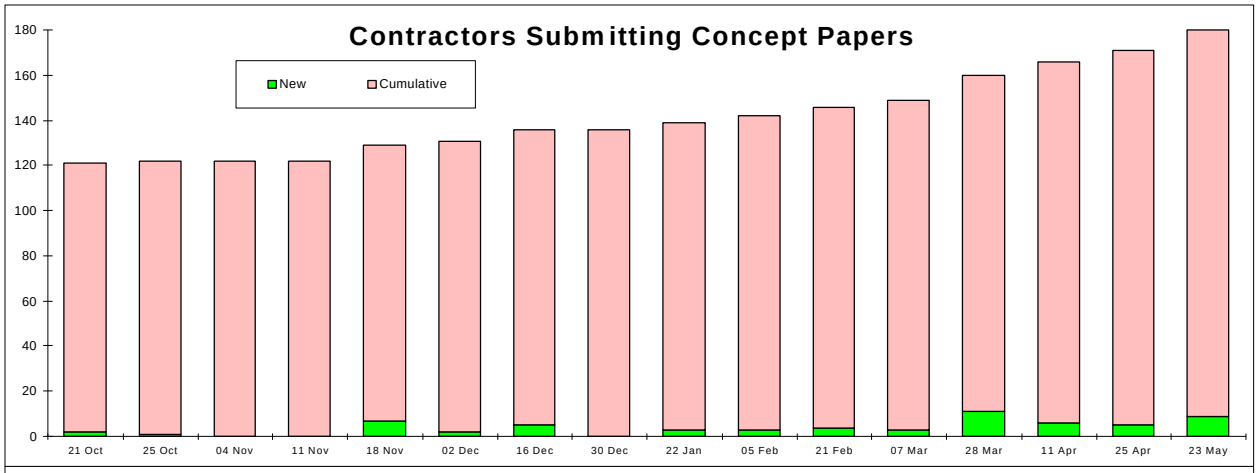
Disagreements/Problems Escalated:	1
Not approved within 60 days of Mgt Cncl Acceptance:	96

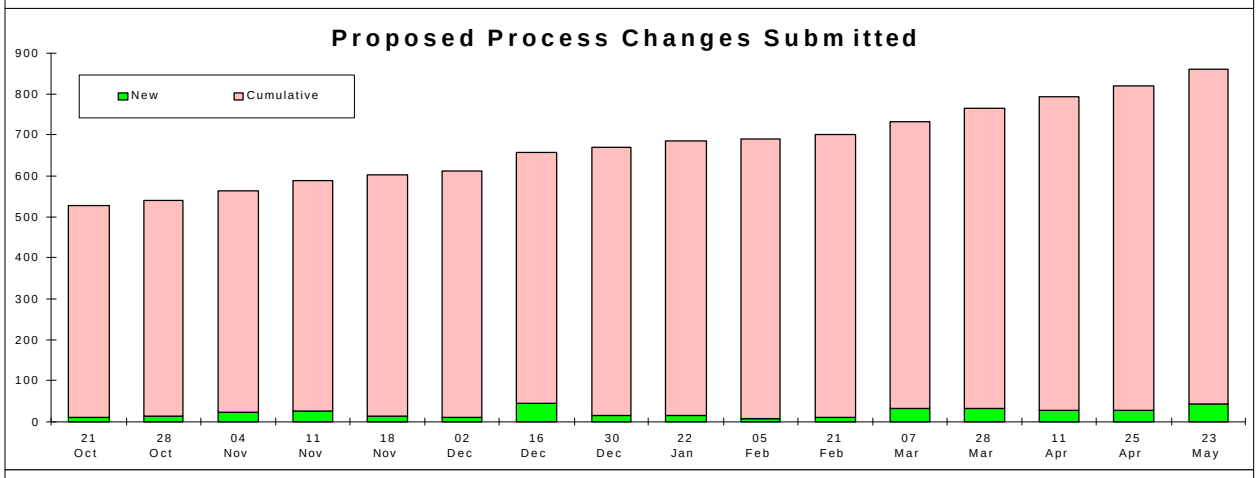
Modification Issuance: Negotiation of Consideration (30 Days)

Processes Modified:	**429**
Not Modified within 30 days after Tech Acceptance:	34
Average Days From Submittal to Mod:	133
Consideration Requested by Government:	59
Cost Proposals Received:	46
Consideration Finalized:	24
All Actions Complete:	**513**
Currently Active:	**349**



APPENDIX B


Contractors Submitting Concept Papers
New
Cumulative
180
160
140
120
100
80
60
40
20
0
21 Oct
25 Oct
04 Nov
11 Nov
18 Nov
02 Dec
16 Dec
30 Dec
22 Jan
05 Feb
21 Feb
07 Mar
28 Mar
11 Apr
25 Apr
23 May


Proposed Process Changes Submitted
New
Cumulative
900
800
700
600
500
400
300
200
100
0
21 Oct
28 Oct
04 Nov
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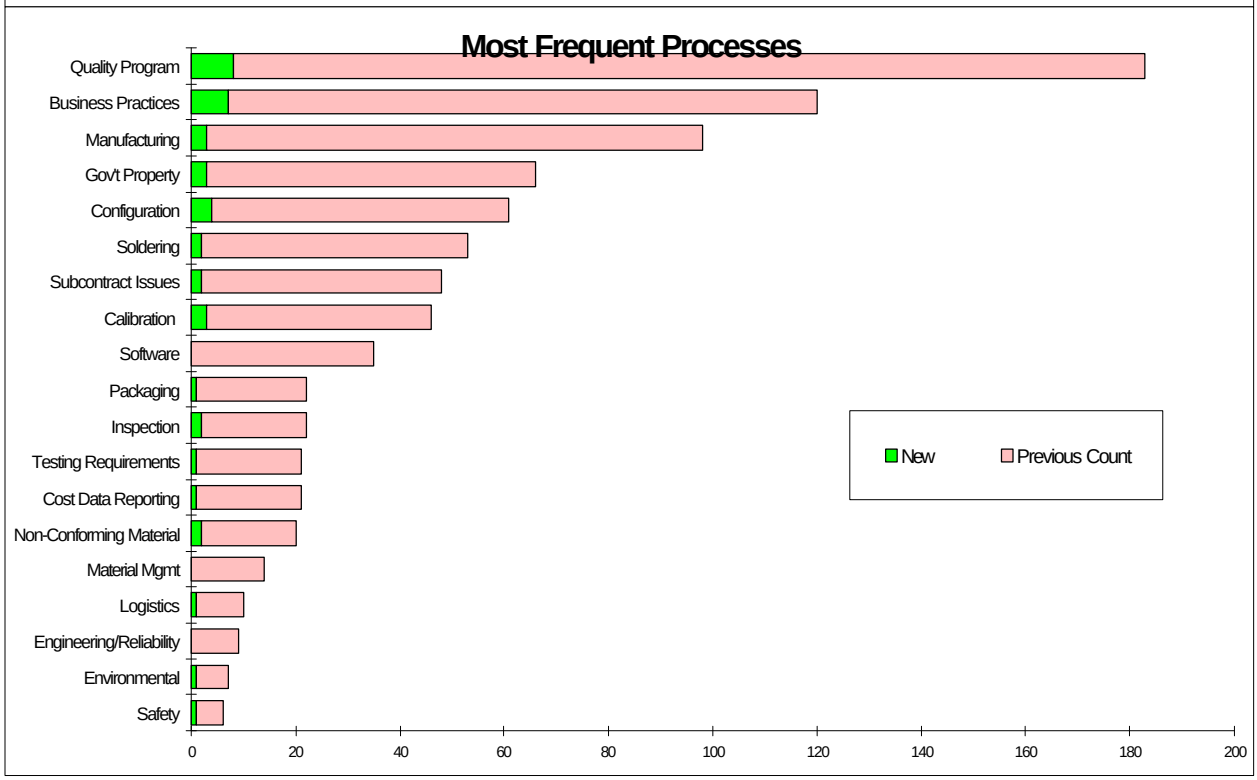
18 Nov
02 Dec
16 Dec
30 Dec
22 Jan
05 Feb
21 Feb
07 Mar
28 Mar
11 Apr
25 Apr
23 May


Most Frequent Processes
Quality Program
Business Practices
Manufacturing
Gov't Property
Configuration
Soldering
Subcontract Issues
Calibration
Software
Packaging
Inspection
Testing Requirements
Cost Data Reporting
Non-Conforming Material
Material Mgmt
Logistics
Engineering/Reliability
Environmental
Safety
New
Previous Count
0
20
40
60
80
100
120
140
160
180
200

Appendix B

APPENDIX C

Details on Block Change Modifications Completed During this Reporting Period

Contractor	**Old Process**	**New Process**
Applied Research Associates, Inc., Albuquerque, NM	Contractor Billing Reqmts	Direct Submittal of Vouchers to DFAS
AAI Corporation, Hunt Valley, MD	MIL-STD-973, Configuration Mgmt DOD-STD-100C, DOD-STD-100D(AR), MIL-STD-100E Eng Drawing Practices	ANSI/ISO/ASQC Q10007-1995 ISO-9001 Engineering Procedures
GEC-Marconi, Wayne, NJ	MIL-Q-9858A MIL-STD-1520C MIL-STD-1686 MIL-STD-1535 MIL-STD-899	ISO-9001 based Quality System ISO-9001 Internal Process ANS/EIA-625 Electrocstatic Discharge ISO-9001 based Quality System Tailored MIL-STD-889 for Manufacturing
Lockheed Martin Astronautics, Denver, CO	MIL-STD-1528 Manufacturing Management	LMA Command Media
Lockheed Martin Electronics and Missiles, Orlando, FL	MIL-STD-105 Inspection MIL-P-55110, MIL-P-50884	ANSI/ASQC Z1.4-1993 Sampling Procedures MIL-PRF-31032, Printed Wiring Board Fabrication
McDonnell Douglas Helicopter Systems, Mesa, AZ	FAR and DFARS Subcontractor and Supplier Representations and Certifications	Comprehensive Subcontractor and Supplier Representations and Certifications
Raytheon Aircraft Company (RAC), Wichita, KS	Ground Flight Risk DFARS 252.228-7001	Commercial Practice and Contractor Risk
TRW Systems Integration Group (SIG), Dominguez Hills, CA	Standard Product Assurance Plan for Spacecraft and Space Systems Flight H/W	Parts, Materials, and Process
Voss Scientific, Albuquerque, NM	Contractor Billing Reqmts	Direct Submittal of Vouchers to DFAS

APPENDIX D

Details on New Contractors During this Reporting Period

Contractor	**Old Process**	**New Process**
Aerojet ElectroSystems, Azusa, CA	MIL-Q-9858 & NHB-5300 series Quality reqmts	ISO-9000 based Quality System
Applied Research Associates, Inc., Albuquerque, NM	Contractor Billing Reqmts	Direct Submittal of Vouchers to DFAS
Delavan Gas Turbine Products Division, West Des Moines, IA	MIL-Q-9858 & MIL-I-45208 Quality & Inspection Stds	ISO-9001 based Quality & Inspection System
Fike Metal Products, Blue Springs, MO	MIL-I-45208, MIL-Q-9858 Military Packaging	ISO-9001 based Quality System Commercial Packaging
GEC Marconi Hazeltine, Greenlawn, NY	MIL-Q-9858A, MIL-I-45208A MIL-STD-1520C Non-Conforming Material MIL-STD-1535 Supplier QA Program Reqmts MIL-STD-1686 MIL-STD-965 Parts Control Program MIL-STD-2000, MIL-STD-2000A, and MIL-STD-454 Requirement 5	ISO-9001 based Quality System ISO-9001 based Quality System ISO-9001 based Quality System ISO-9001 Electrostatic Discharge Program ISO-9001 ANSI/J-STD-001B Class 3 Soldered Electrical and Electronic Assys
Gulton Statham Transducers Inc., Costa Mesa, CA	MIL-Q-9858A	ISO-9001 based Quality System
Korean Air - Aerospace Division (Kimhae Plant), Kangseo-gu, Pusan, Korea	MIL-P-85891, Recycle Plastic Media Blasting Material for Aircraft Paint Stripping	Eliminate recycling of Material
Litton Life Support, Davenport, IA	MIL-STD-45662, Calibration Systems Reqmts	ISO 10012-1, QA for Measuring Equipment
Voss Scientific, Albuquerque, NM	Contractor Billing Reqmts	Direct Submittal of Vouchers to DFAS